

Message Text

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PAGE 01 YAOUND 01038 030809Z
ACTION OPIC-06

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FM AMEMBASSY YAOUNDE
TO SECSTATE WASHDC PRIORITY 4758

LIMITED OFFICIAL USE YAOUNDE 1038

C O R R E C T E D C O P Y (FOR TEXT PARA ONE)DEPT PASS OPIC FOR BANKS

E.O. 11652: NA
TAGS: EINV, CM
SUBJ: WESTERN CORN MILL PROJECT

REF: YAOUNDE 952

1. FROM OPIC, NEGOTIATIONS BETWEEN ALEXANDER AND BALDWIN AGRI-BUSINESS AND SOCIETE NATIONALE D'INVESTISSEMENT TERMINATED FEBRUARY 28 WITHOUT RESULTING IN THE FORMATION OF A COMPANY TO CONDUCT A PILOT PROJECT TO GROW MAIZE IN FOUMBAN, CAMEROON. AFTER FOUR FULL DAYS OF NEGOTIATIONS OF THE DOCUMENTS INVOLVED IN COMPANY FORMATION, INCLUDING TWO DAYS IN FOUMBAN ATTENDED BY REPS. OF A&B, SNI, OPIC, IFC AND MINISTRY OF ECONOMY AND PLAN, THE TWO PRINCIPAL PARTNERS A&B AND SNI BY FEB 24 WERE UNABLE TO REACH MUTUAL AGREEMENT ON THEIR RESPECTIVE ROLES IN THE PROJECT. AFTER A MEETING AMONG AMADOU BELLO, PDG OF SNI, GUSTAVE TCHETGEN OF SNI, MESSRS. ROGERS AND MARKS OF A&B, AND BONNY HENDERSON OF OPIC ON FEBRUARY 27, A&B CONCLUDED IT COULD NOT INVEST IN THE PROJECT WITH THE CONFIDENCE THAT ON THE FIELD LEVEL SNI COULD GIVE THE ADMINISTRATIVE SUPPORT NECESSARY TO MAKE THE PROJECT WORK.

2. ALL PARTICIPANTS ARE EXTREMELY DISAPPOINTED IN THIS OUTCOME.

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BOTH SNI AND A&B HAVE SPENT CONSIDERABLE TIME AND MONEY SINCE DISCUSSIONS BEGAN IN WASHINGTON IN JUTS 1977 ON THE BASIS OF THEIR BELIEF THAT THE PROJECT WAS WORTHWHILE AND SHOULD PROCEED. A&B, OPIC AND IFC CAME TO CAMEROON WITH FULL INTENTION TO FORM COMPANY AND WORKED STEADILY HERE TO DO SO.

3. A&B AND SNI ARE MEETING MARCH 1 TO MAKE ARRANGEMENTS FOR

WINDING UP THE PROJECT. A&B WOULD PREFER TO KEEP ITS TWO EXPERTS IN FOUMBAN UNTIL THE FIRST CROP IS PLANTED, SINCE ALL INPUTS AND EQUIPMENT ARE IN PLACE AND 40 HECTARES (100 ACRES) OF LAND HAVE BEEN CLEARED AND PREPARED. EMBASSY WILL ADVISE OF DEVELOPMENTS.

4. THE FAILURE OF PROJECT NEGOTIATIONS, PARTICULARLY AFTER A PROTOCOL D'ACCORD WAS SIGNED BETWEEN THE GOVERNMENT AND A&B, COULD CAUSE CAMEROON OFFICIALS TO ONCE AGAIN DOUBT THAT (A) AMERICAN INVESTORS ARE WORTH TRYING TO ATTRACT TO CAMEROON AND (B) THAT AMERICAN INVESTORS CAN BE RELIED UPON TO FOLLOW THROUGH WITH FULL COMMITMENT TO PROPOSED INVESTMENTS. ACUTE DISAPPOINTMENT WITH BREAKDOWN OF NEGOTIATIONS HAS BEEN EXPRESSED TO EMBOFF AND OPIC REP BY CAMEROON OFFICIALS MOST CLOSE TO THE PROJECT AND MOST WILLING TO REACH FOR U.S. INVESTORS. IT IS OPIC'S VIEW THAT THE BREAKDOWN DOES NOT REFLECT NEGATIVELY ON SNI'S SUITABILITY AS A PARTNER, BUT IN THE FUTURE IT WILL BE MORE DIFFICULT TO CONVINCE SNI THAT IT SHOULD MAKE EXTRA EFFORTS TO WORK WITH AMERICANS. THE CONCEPT ON THIS PROJECT WAS THAT A&B WOULD BE RESPONSIBLE FOR THE TECHNICAL AND FINANCIAL MANAGEMENT OF THE PROJECT AND SNI WOULD BE RESPONSIBLE FOR LOCAL ADMINISTRATIVE COMPLIANCE AND GOVERNMENT RELATIONS. IN PRACTICE, AT THE FIELD LEVEL, THE CONCEPT WAS NOT WORKING TO A&B'S SATISFACTION.

5. EMBASSY WILL CONTINUE TO MONITOR REACTIONS AND WILL ADVISE LIMITED OFFICIAL USE

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SECSTATE AND OPIC OF THE REPERCUSSIONS IN CAMEROON. ON HER RETURN HENDERSON WILL MEET WITH USG AND CAMEROONIAN OFFICIALS TO DISCUSS EVENTS OF THE LAST WEEK IN MORE DETAIL.
SMYTHE

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Message Attributes

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